



 **edp**
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1Q08 Results

May 9th, 2008

1Q08: Highlights of the period



EBITDA: +15% growth YoY driven by wind power

Generation & supply Iberia: Stable performance in a cost rising environment

Wind power: Major growth driver, already 15% of EBITDA

Regulated Energy Networks Iberia: Higher efficiency compensates demand slowdown

Brazil: Generation growth and forex compensates decline of tariffs in distribution

Net profit: €263m, a 9% increase YoY driven by organic growth

1Q08 EBITDA Breakdown

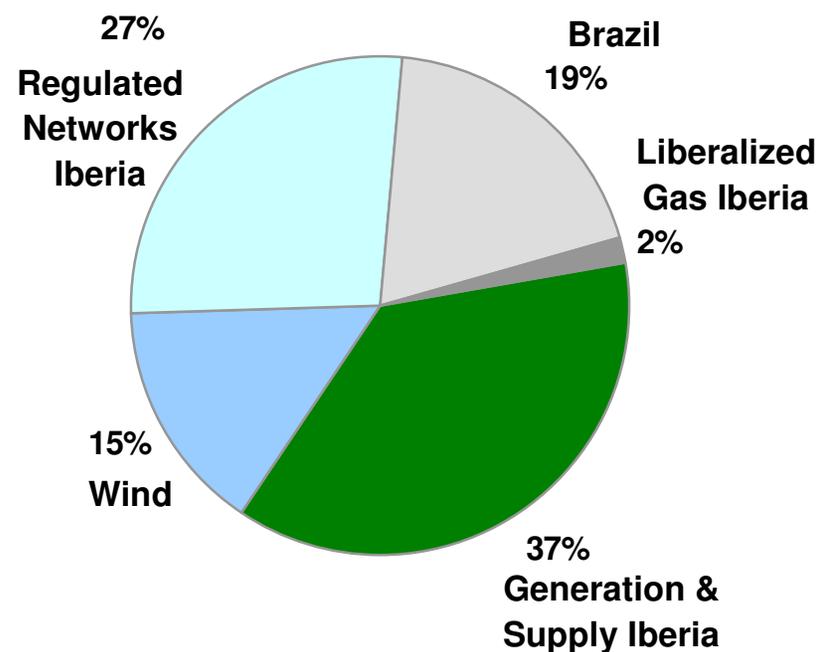


EBITDA Breakdown

(€ million)

	1Q07	1Q08	% Chg.	Δ
Generation & Supply Iberia	303	312	+3%	+9
Wind	55	126	+128%	+70
Regulated Networks Iberia	211	228	+8%	+17
Brazil	159	161	+1%	+2
Liberalized Gas Iberia	12	13	+10%	+1
Other & Adjust.	(35)	(30)	-14%	+5
Consolidated EBITDA	705	809	15%	+104

EBITDA breakdown



EBITDA growth in all business areas; Highlight: wind power

1Q08 Financial Headlines



Profitability improvement: Net profit 9% YoY growth to €263m

(€ million)	1Q07	1Q08	% Change
Gross Profit	1,142	1,258	+10%
Operating Costs	437	450	+3%
EBITDA	705	809	+15%
EBIT	461	542	+17%
Net Financial Costs	(86)	(184)	+114%
Net Profit	241	263	+9%
Capex	210	607	+189%
Net Debt (€bn)*	11,7	11,8	1%
Net Debt / EBITDA*	4.4	3.7	

Improvement of Net Debt/EBITDA in 1Q08

* Net debt and net debt/EBITDA referent to 2007 year end; net debt/EBITDA in 1Q08 calculated based on the annualized value of EBITDA 1Q08

1Q08: Highlights in Generation & Supply Iberia



EBITDA growth of +3% or +€9m YoY to €312m

LT Contracted Generation PPA/CMEC: €226m EBITDA, stable with no market exposure

Liberalized generation: 50% rise YoY of generation costs: fuels, CO₂ and mix

Liberalised generation output: +8.8% YoY, penalized by the outage of Soto 3 for Desox

RDL11/07 in Spain (CO₂ claw-back): €14m negative impact in 1Q08

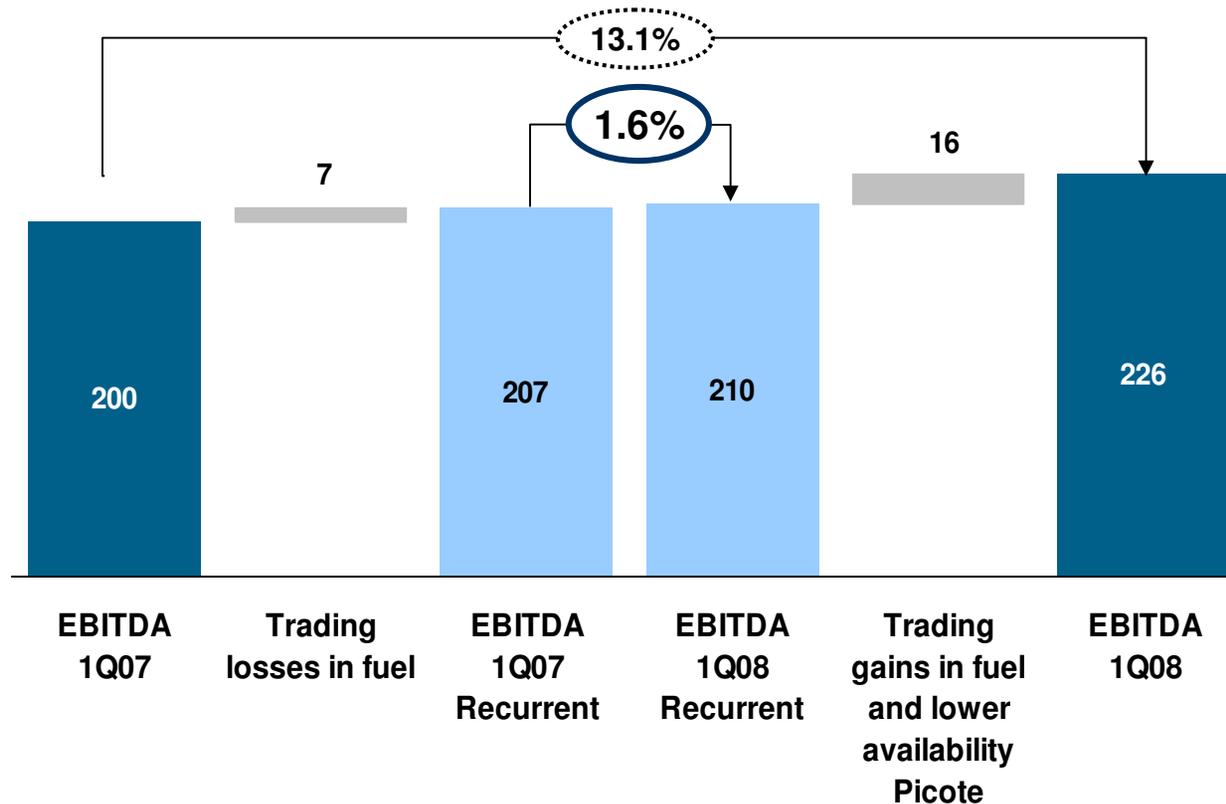
Benefits from hedging: Fixing over 2007 of most of fuel costs for 2008

LT Contracted Generation (28% of EBITDA)



Recurrent EBITDA grew by 1.6% YoY

Evolution of LT Contracted Generation EBITDA (€ million)

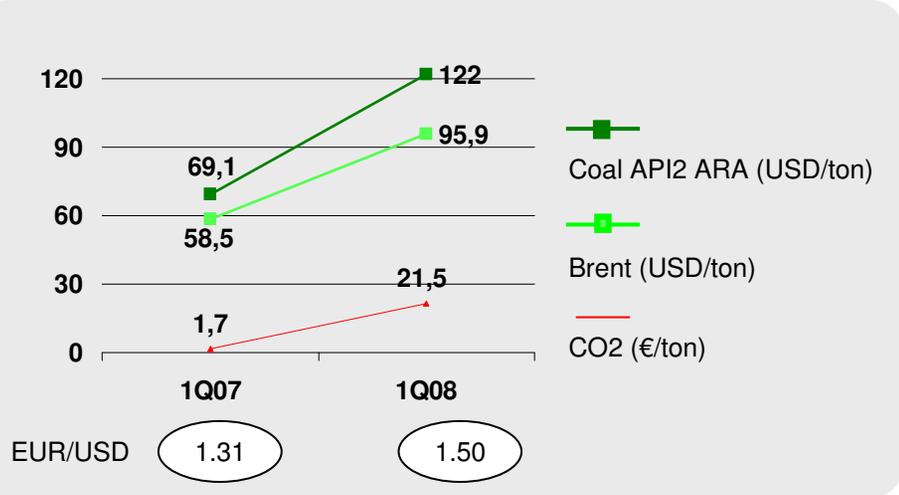


Stable Cash Flow Stream: Long Term contracted return of 8.5% ROA

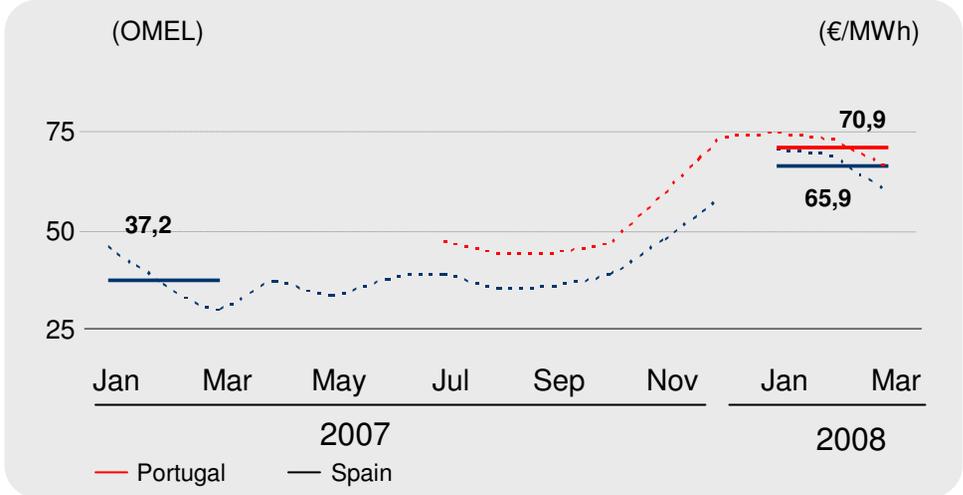
Liberalized Generation & Supply Iberia: Market Environment



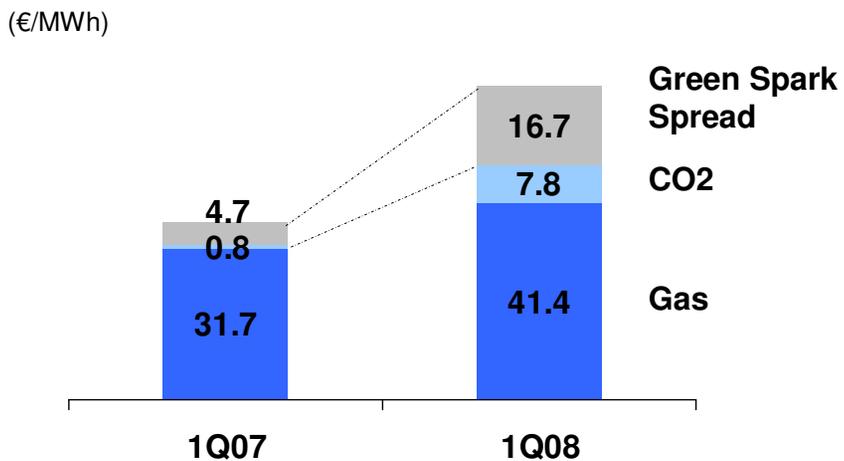
Fuel Price Evolution



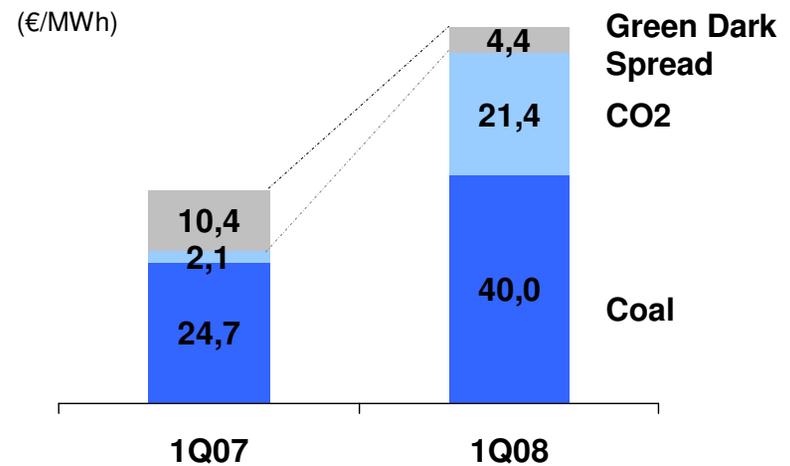
Weighted Average Baseload Price in Spot Market



Reference gross margin on CCGTs



Reference gross margin in coal

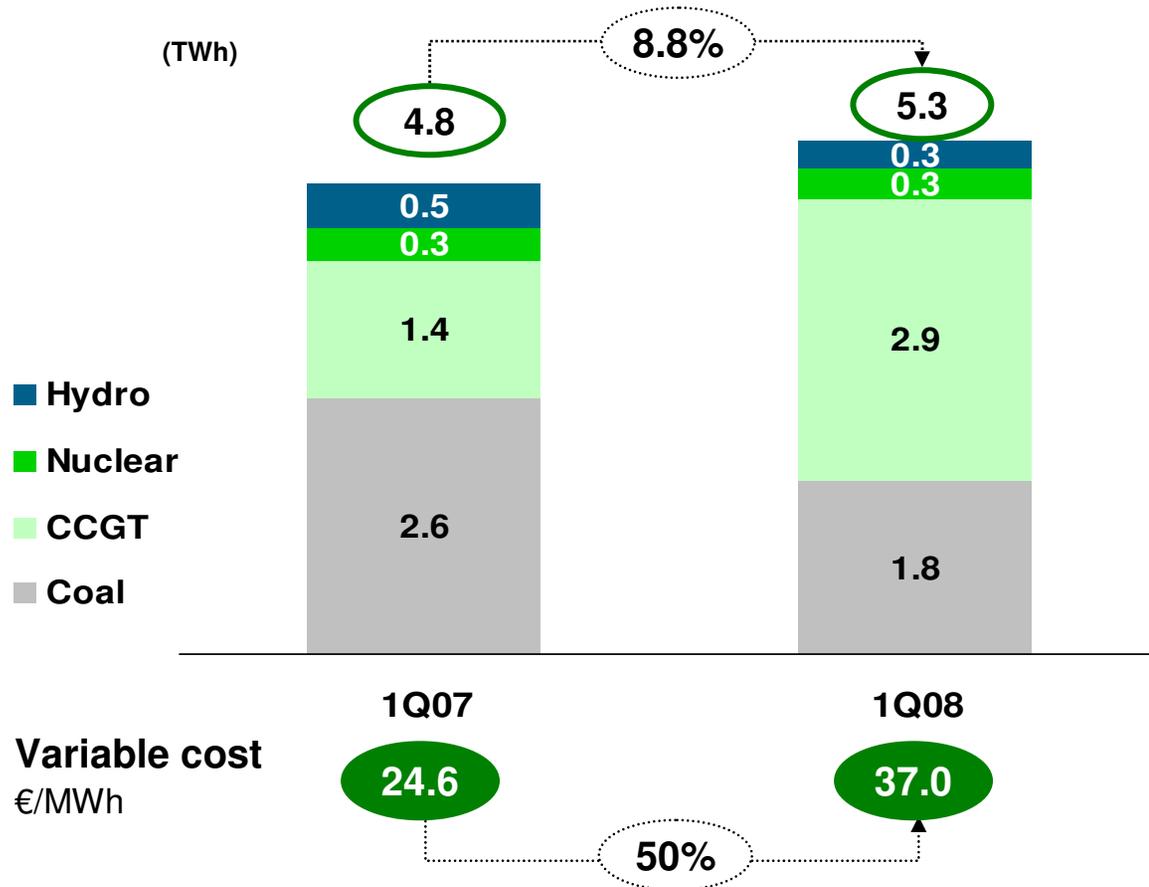


Note: coal costs based on average spot price of API2 ARA in the period and efficiency of 36% and avg. transport cost of €3.5/MWh; CCGT costs based on CMP and efficiency of 51.5%

Liberalised Generation Iberia (10% of EBITDA)



Generation Output and Costs



Liberalised Generation Output

Iberian Market: +5%

- EDP: +8.8%

Coal Plants Load Factor:

- Iberian Market: 62%
- EDP: 56%*

CCGT Plants Load Factor

- Iberian Market: 60%
- EDP: 66%

EDP's output growth of 8.8%; above market even with Soto3 outage

Growth of CCGT output more than compensates decline in coal

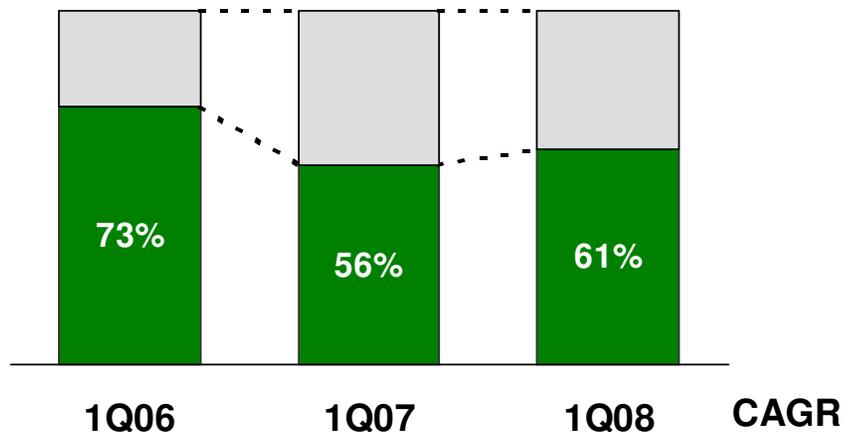
Generation costs: +50% YoY: Fuels, CO2 and mix

(*) Coal load factor penalized by the outage of Soto 3 coal plant in 1Q08 for Desox investments and other maintenance works. Excluding this, adjusted coal load factor was 74%.

Liberalised Generation & Supply Iberia : Adequate contracting strategies



Sales to clients as a % of generation output



EDP's generation/supply hedging policy:

Significant part of fuel procurement costs and selling prices to clients fixed between 6 and 18 months ahead limiting exposure to energy markets volatility

	1Q06	1Q07	1Q08	CAGR
Price – Retail (€/MWh)	45.3	56.9	61.5	17%
Price – Other (€/MWh)	69.1	48.2	74.1	4%
Total Price (€/MWh)	54.3	52.6	67.7	12%
Gross Profit (€/MWh)	16.3	27.2	21.3	14%
EBITDA (€m)	37	104	86	51%

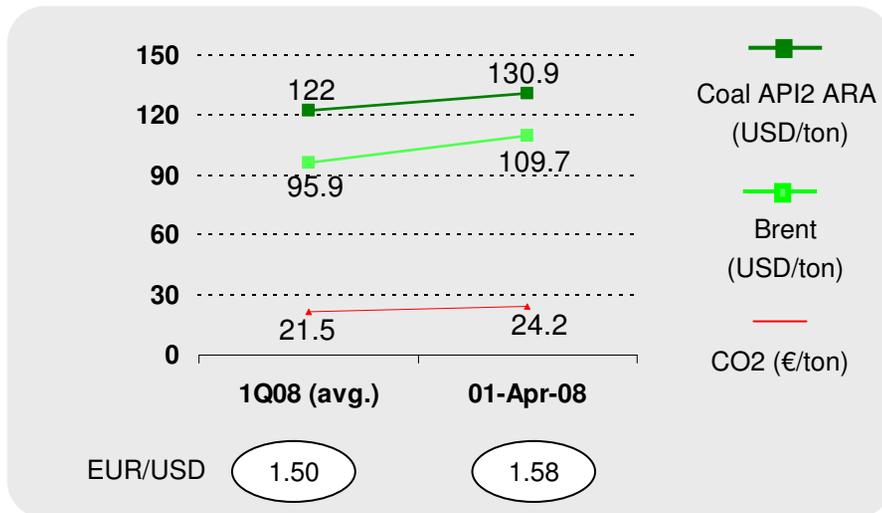
Less Volatile Financial Performance

Benefits from hedging: Fixing over 2007 of most of fuel costs for 2008

Prospects for the remaining 2008



Fuel Cost Performance

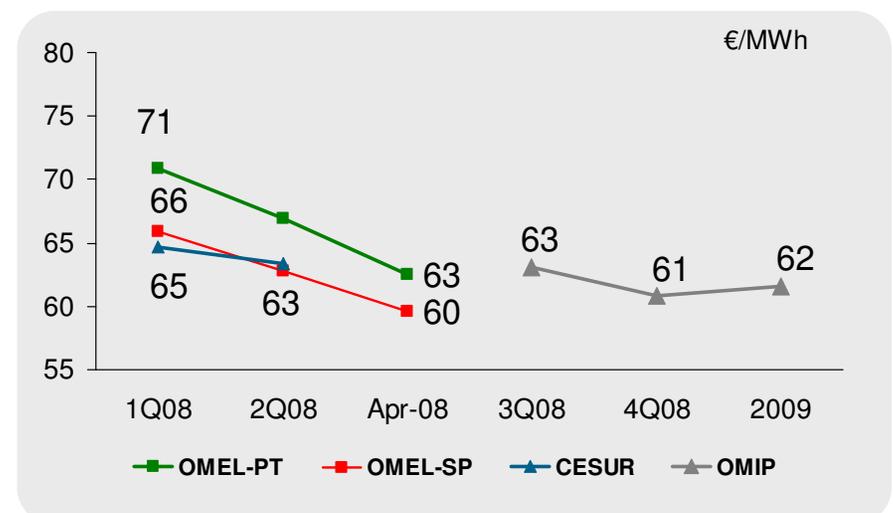


Fuel costs beating historical highs...

Installed capacity Iberia growth YoY (Mar-08):

- Total: + 6.0%
- CCGTs: + 13%
- Wind: + 19%

Electricity Prices Iberia 2008: Spot & Forward



...electricity prices continue at low 60's

- Hydro reserves: Recovery in April

Gross margin per MWh should continue under pressure over 2008

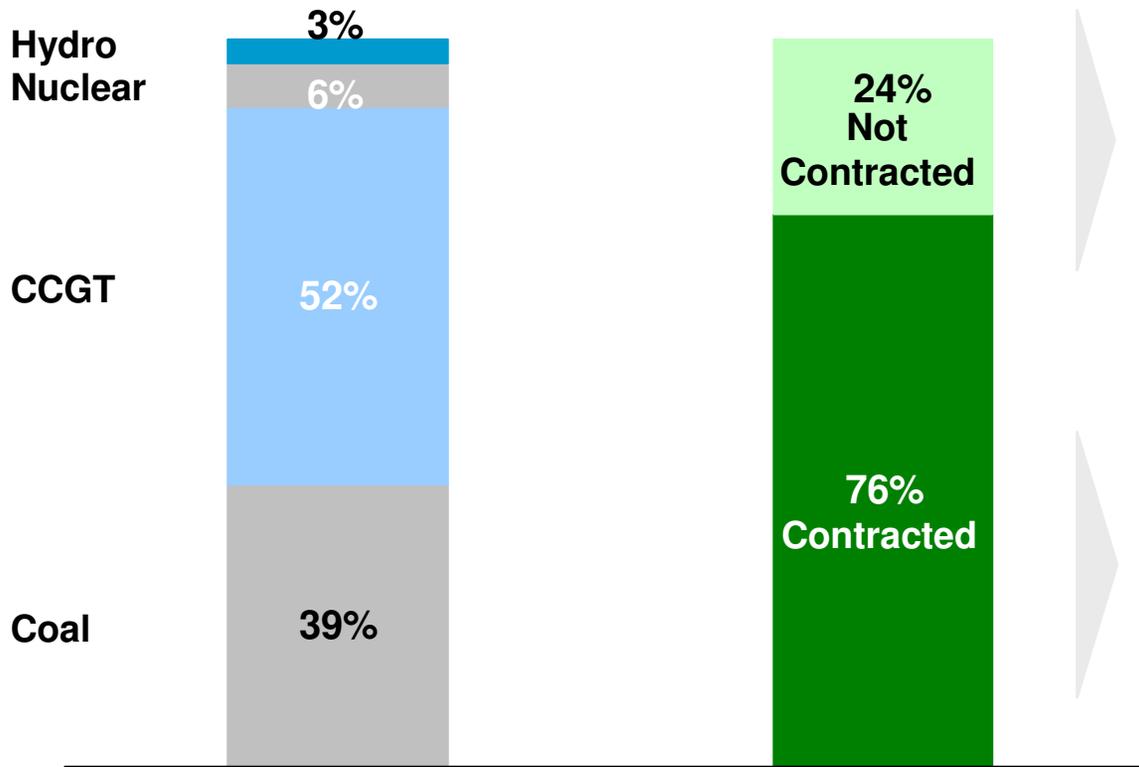
Liberaliz. Generation & Supply: Forward Contracting for 2008



2008

Expected Output (TWh;weight %)

Electricity Sales (TWh;weight %)



For the 24% Not Contracted:

- Bidding in the market internalizing higher fuel costs
- Capacity to play short term volatility

For the 76% Contracted:

- Avg. Selling price^{**}: €58/MWh
- Spark Spread* locked in: above €13/MWh
- Dark Spread* locked in: above €29/MWh

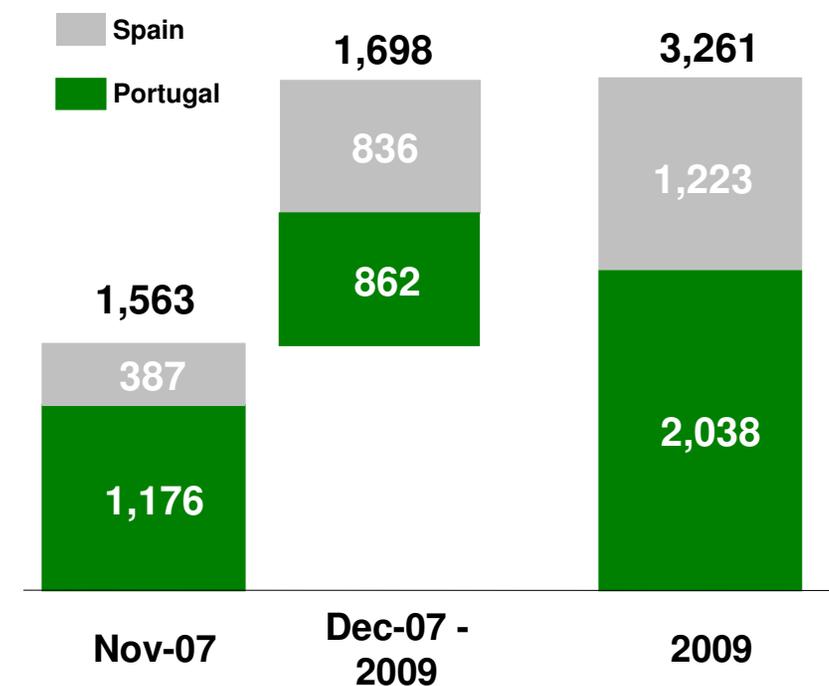
**Significant part of fuel costs fixed over 2007 before recent fuel costs rise
Gross margin per MWh locked-in at attractive levels**

* Including CO₂ Costs + RD11/07 ** Before Capacity Payment

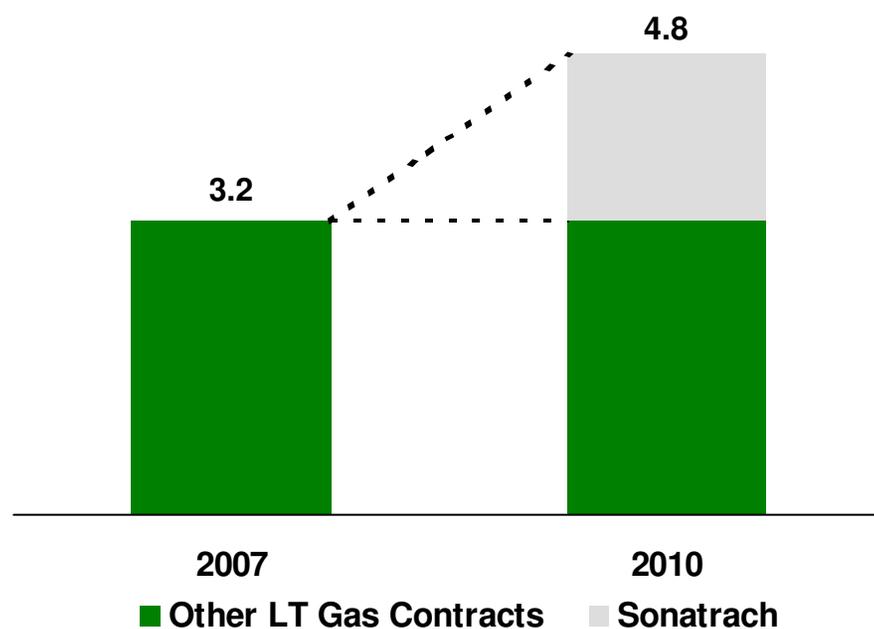
Capex CCGTs Iberia: Doubling Capacity in 2 years competitive turbines procurement (well timed) and gas (Sonatrach)



EDP's CCGT Installed Capacity (MW)



Gas Procurement LT Contracts (Bcm/year)



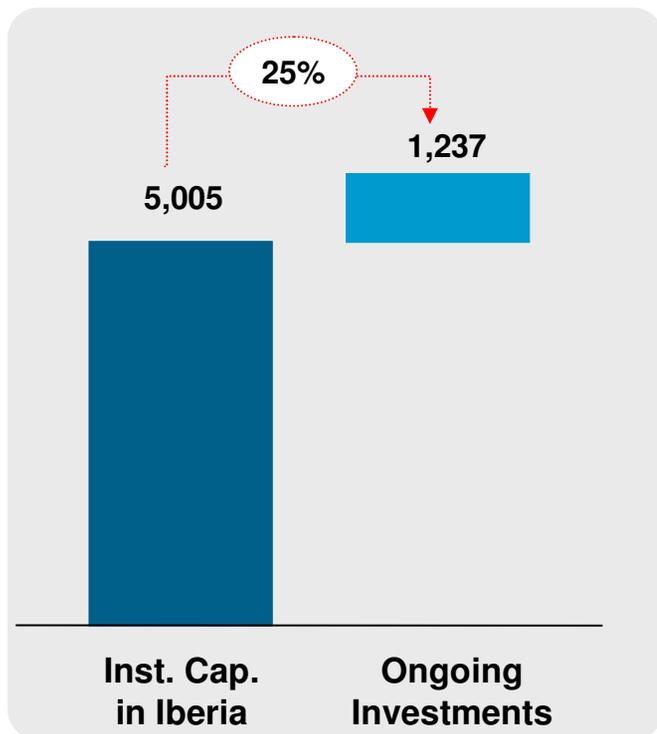
Reserve margin in Portugal is lower than in Spain
Turbines well timed procured: No building cost increase

Sonatrach gas procurement agreement:
 1.6 bcms/year by 2010 under flexible conditions
 Sonatrach gets 25% stake in EDP's new CCGTs

Capex Hydro Portugal: 25% increase of hydro capacity in Iberia until 2013



EDP's Investment Plans in Hydro (MW)



Hydro Plants	MW	Capex	Start Date	Type	Status
Picote II	246	135	2011/12	Repowering	Under construction
Bemposta II	191	130	2011/12	Repowering	Construction to start in 2Q08
Ribeiradio (@55%)	78	128	2013	New Plant	Construction to start in 4Q08
Alqueva II	240	149	2012	Repowering	Construction to start in 4Q08
Baixo Sabor	170	369	2013	New Plant	Construction to start in 4Q08
Foz Tua*	312	340	2013	New Plant	Construction to start in 2009
TOTAL	1,237	1,251			

Beyond the above ongoing investments:

EDP has projects under study for repowering of its hydro plants representing around 1,000 MW

The Portuguese government intends to award further 9 hydro plants representing around 1,000 MW

* Figures of capex and MW for a maximum level of reservoir at 195 meters. Maximum level of reservoir to be set in the 160-195 meters range

1Q08: Highlights in Wind Power



EBITDA growth of +128% or +€70m YoY to €126m

Installed capacity: +152% or +1,869MW over the last 12 months to 3,097 MW

Output +161% YoY; load factors: 31% in Europe, 38% in USA - premium quality assets

Average selling price in Spain: +37% to €97.6/MWh; Adequate exposure to power prices

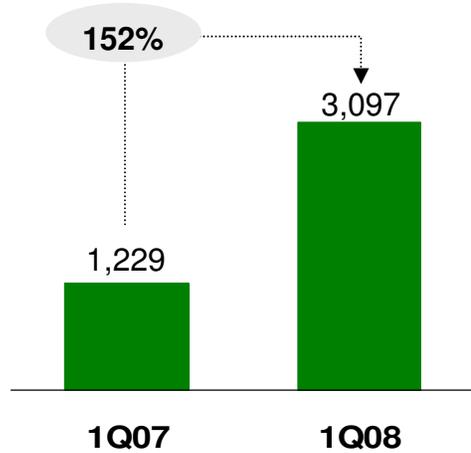
Capacity built and under construction in 1Q08: 1,217 MW, 87% of target addition for 2008

Delivering profitable growth and reducing exposure to CO₂ and fossil fuels

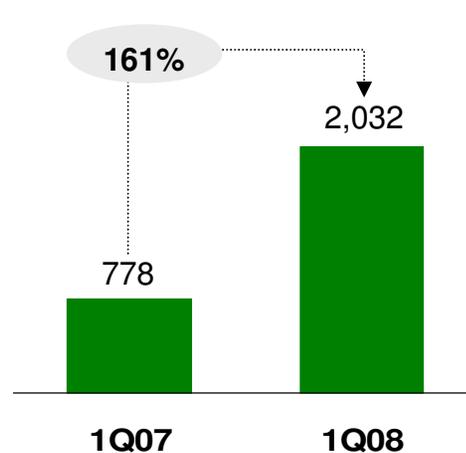


Wind Power (15% of EBITDA)

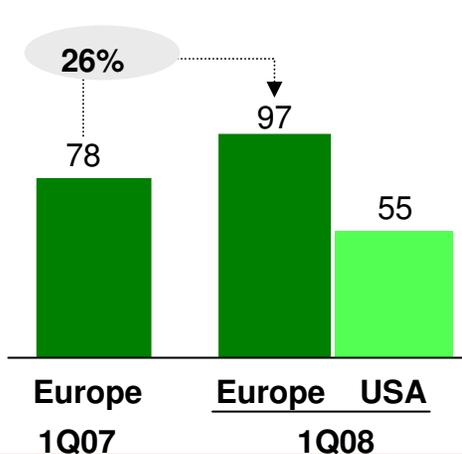
Installed Wind Capacity (EBITDA)
MW



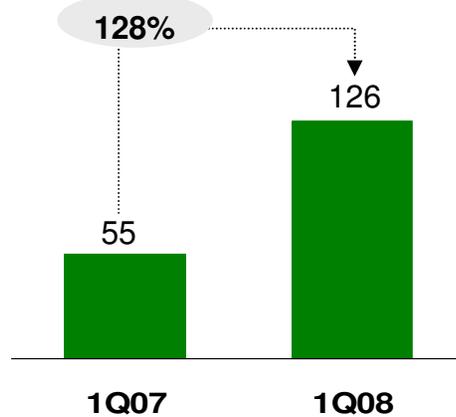
Wind Power Output
GWh



Wind Average Tariffs
(€/MWh)



EBITDA
€ million



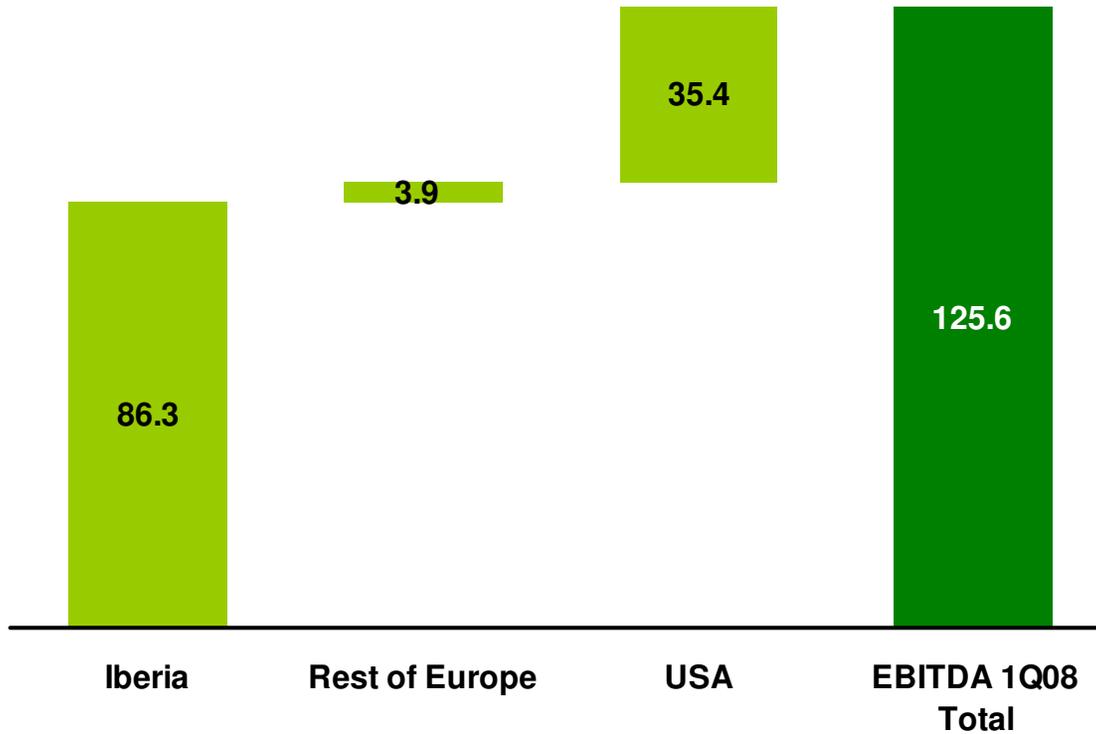
EBITDA growth supported on:

- (1) increase of installed capacity;
- (2) high load factors;
- (3) increase of pool price in Spain;

Wind Power: EBITDA Breakdown



EBITDA
€ million



**EBITDA Break-down:
Europe: 72%/ USA 28%**

**EBITDA
Margin**

86%

87%

77%

81%

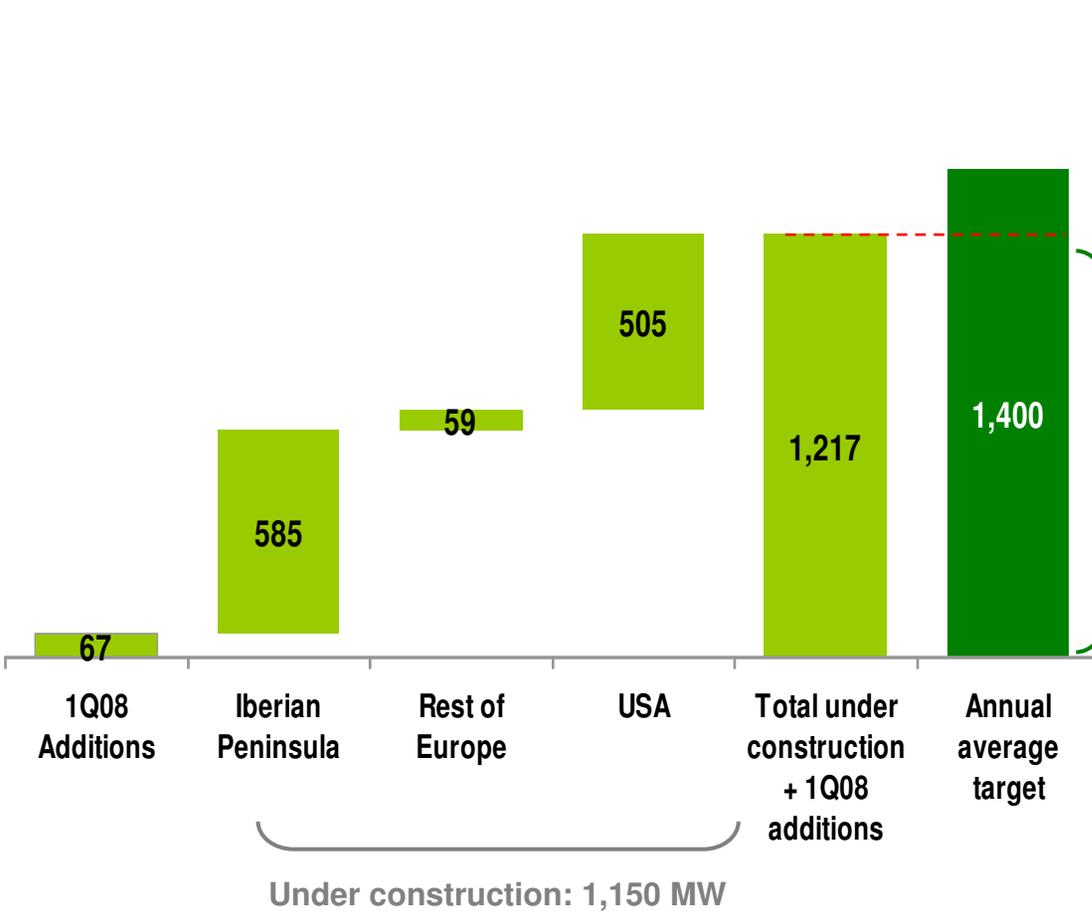
**EBITDA margin above 80%:
Maintenance of high efficiency
in a strong growth phase**

Capex Wind: On track to build an average of 1.4 GW/year



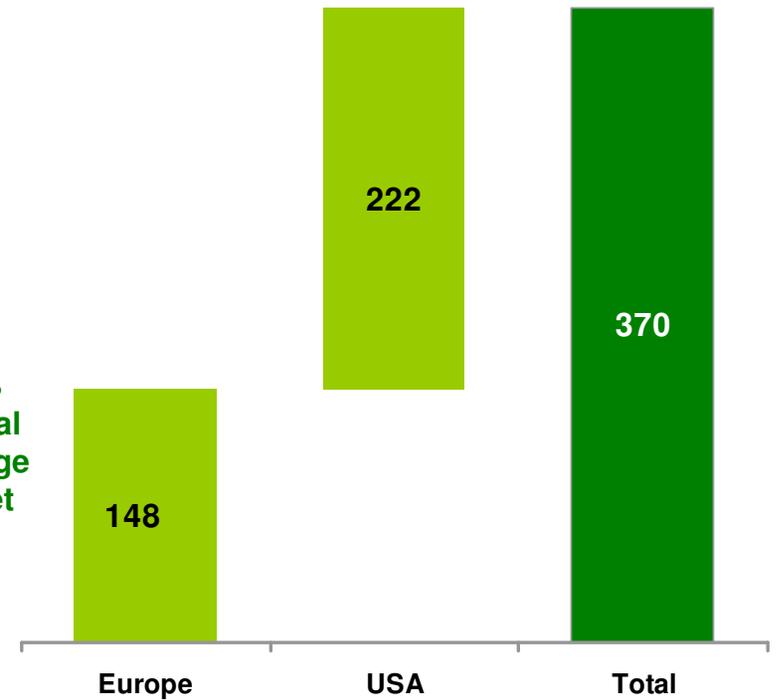
Installed capacity in construction vs. Installed targets

MW



Capex breakdown 1Q08

€ million



Capex Wind: Pipeline of projects under development



1Q08 Gross MW	Installed Capacity	Under Construction	Pipeline				Prospects	Total ⁽¹⁾
			Tier 1	Tier 2	Tier 3	TOTAL		
Iberian Peninsula	2,063	585	1,209	621	1,930	3,760	2,732	9,140
Rest of Europe	87	59	244	572	376	1,192	586	1,924
USA	1,556	505	627	2,813	7,818	11,258	5,359 ⁽²⁾	18,678
Total	3,706	1,150	2,080	4,006	10,124	16,210	8,677	29,742

Notes: Excludes EOLE 76 acquisition in April 2008 (35MW in operation, 8MW under construction, 258MW in pipeline and 595MW in prospects)

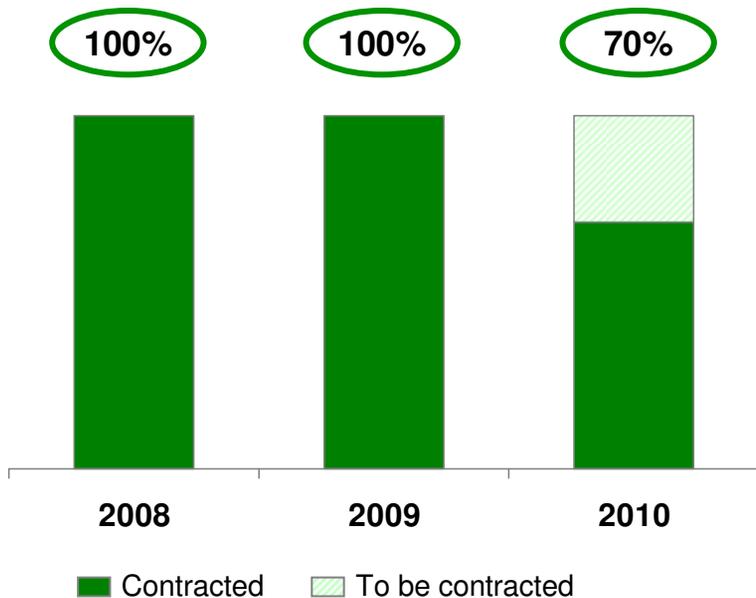
**Tier 1+Tier 2: 6,086 MW (38% of total pipeline, 57% weight in Europe)
will support EDP Renováveis strong growth rate over the next years**

Notes: (1) Includes installed capacity, under construction, pipeline and prospects
(2) Includes 216 MW in projects under study in Brazil

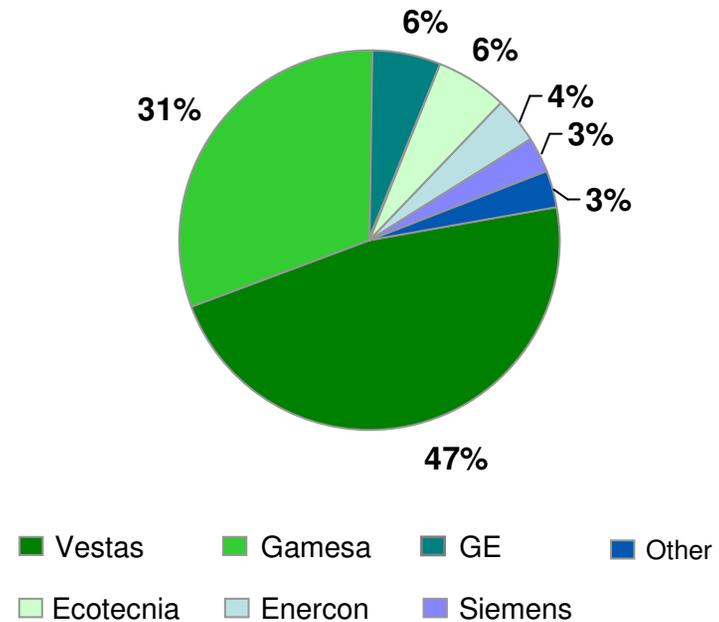
Capex Wind: Turbine needs contracted for 2009, 70% for 2010



Turbines needs vs. contracted 2008-2010 (%)



EDP Renewables Turbines Portfolio (%)



Diversification of technological risk: 5 Wind Turbine Suppliers to represent 91% of installed portfolio by 2010

Regional concentration allows higher efficiency on O&M costs: (examples: Enercon in Portugal, Gamesa in Spain, Vestas in USA)

1Q08: Highlights in Energy Regulated Networks Iberia



EBITDA growth of +8% or +€17m YoY to €228m

Energy demand flat YoY in 1Q08 (recovery in Apr-08); no material impact on financials

Decline of operating Costs: - 0.8% or -€2m YoY; Continued efficiency improvement

Accumulated tariff deficits in Portugal 2006/2007: €177m fully securitized in Mar-08

Efficiency improvement and active management on regulation

Regulated Energy Networks Iberia (27% of EBITDA)



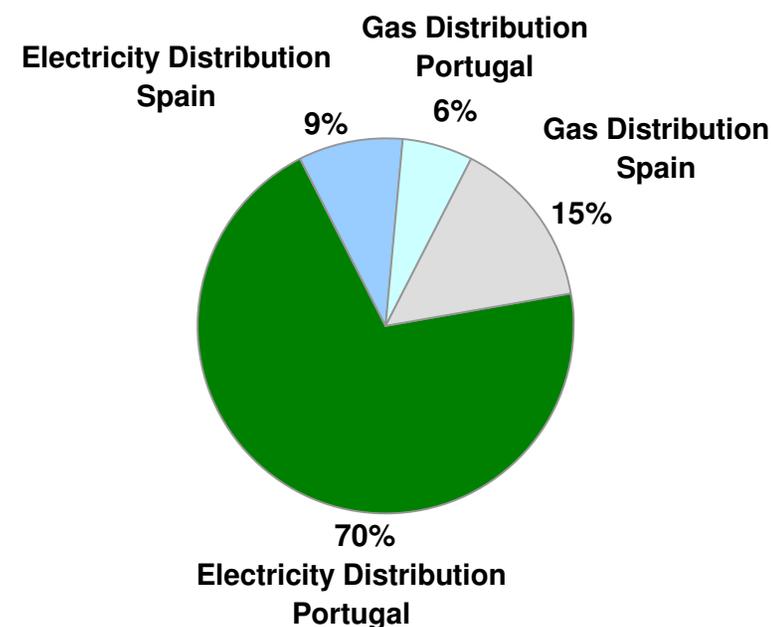
EBITDA growth supported on stable regulation and efficiency improvement

Regulated Energy Networks EBITDA Breakdown

(€ million)

	1Q07	1Q08	Chg.	Δ
Electricity Distribution Portugal *	150	161	8%	11
Electricity Distribution Spain	21	21	-1%	-
Gas Distribution Portugal	12	13	5%	1
Gas Regulated Spain	29	33	16%	4
Total EBITDA	211	228	8%	17

EBITDA Breakdown 1Q08



Efficiency Ratios: Electricity Distribution

	1Q07	1Q08	% Chg.
Employees/TWh	220	211	-4,4%
Employees	5,537	5,158	-6.8%

Equivalent Interruption Time (min): Electricity Distribution

	1Q07	1Q08	Chg.
Portugal	29	34	+5
Spain (Asturias)	29	19	-10

* 1Q089 tariff deviation accounted as revenue based on current regulatory and legislative changes which will apply to tariff deviations the same regulatory and legal framework of tariff deficits

1Q08: Highlights in Brazil



EBITDA growth of +1% or +€2m YoY to €161m

Lower non-recurrent revenues from tariff receivables: €69m in 1Q07 and €13m in 1Q08

Slight impact of regulatory revisions in distribution: Stable framework for next 4 years

Efficiency improvement: Employees/TWh distributed decreased 8% YoY

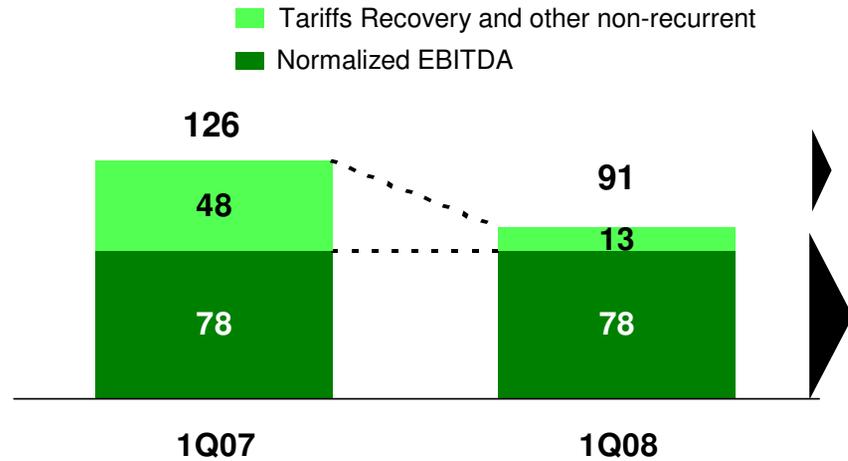
95% EBITDA growth in generation due to very high spot prices in 1Q08

Stable regulated asset base in a declining capital cost environment

Electricity Distribution in Brazil (57% of EBITDA Brazil)



EBITDA Brazil Distribution (€ million)



End of the non-recurrent tariff recovery component

Normalized EBITDA flat YoY due to regulatory revisions;
Future growth: Demand growth and efficiency improvement

A year of tariff revisions concluded: Stable regulatory framework expected for the next years

Distribution Subsidiary	RAB (R\$ million)	Last Regulatory Review	Regulatory Period (Years)	Next Regulatory Review
Bandeirante	1,288	23-Oct-2007	4	23-Oct-2011
Escelsa	952	07-Aug-2007	3	07-Aug-2010
Enersul	829	08-Apr-2008	5	08-Apr-2013

Return on RAB: 15%
(nominal before taxes)

Generation in Brazil: (42% of EBITDA Brazil)



Generation 1Q08 performance benefits from increase in volumes sold and spot market price

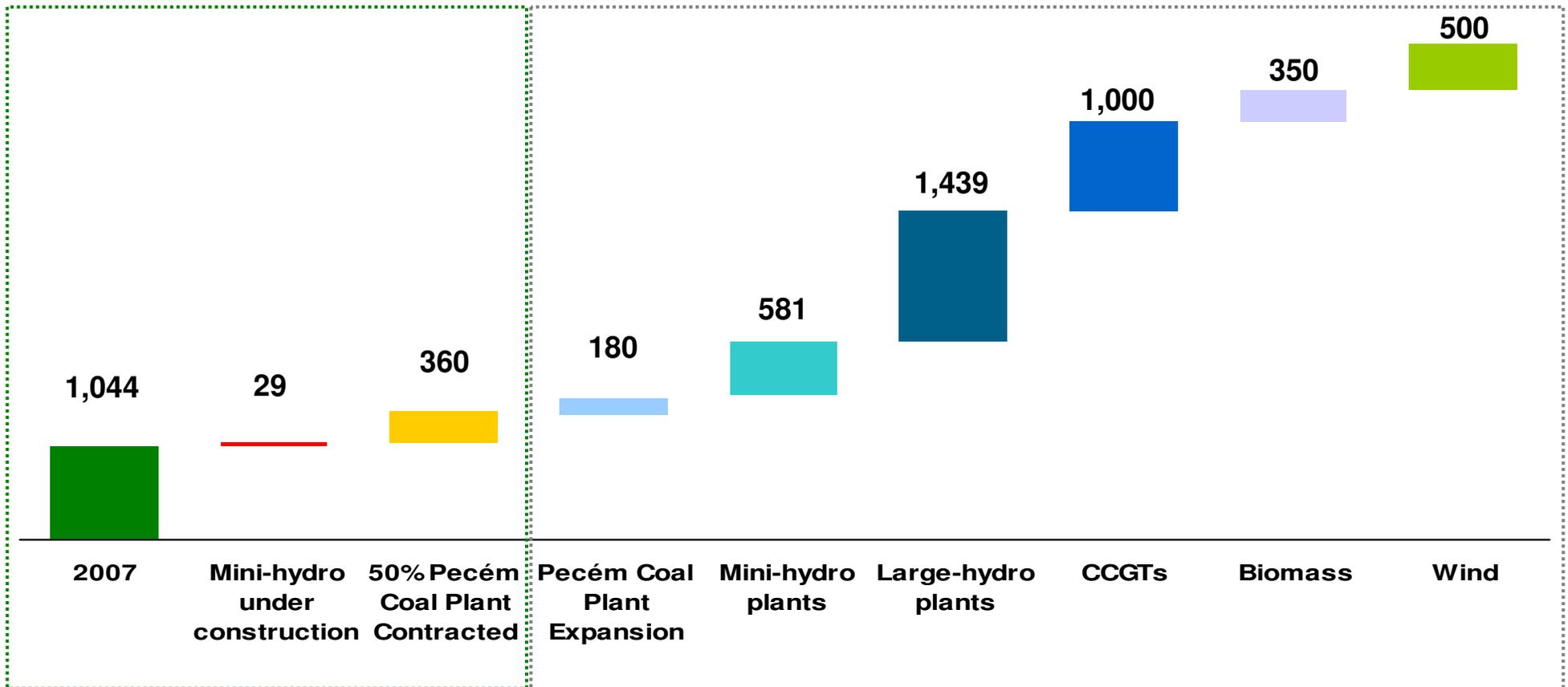
Capex Generation Brazil: 4,000 MW of projects under analysis



Pecém Coal Plant contracted through PPA: no fuel or CO2 risk, to start operating in 2012

Operating/Contracted Capacity

Ongoing Development Studies



Going forward: 4,000 MW of projects under development studies in different technologies

1Q08 Financial Headlines



Profitability improvement: Net profit 9% YoY growth to €263m

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Gross Profit	1,142	1,258	+10%
Operating Costs	437	450	+3%
EBITDA	705	809	+15%
EBIT	461	542	+17%
Net Financial Costs	(86)	(184)	+114%
Net Profit	241	263	+9%
Capex	210	607	+189%
Net Debt (€bn)*	11,7	11,8	1%
Net Debt / EBITDA*	4.4	3.7	

Decline of net debt/EBITDA in 1Q08

* Net debt and net debt/EBITDA referent to 2007 year end; net debt/EBITDA in 1Q08 calculated based on the annualized value of EBITDA 1Q08

EDP Consolidated Operating Costs



(€ million)

	1Q07	1Q08	% Chg.
Controllable Operating Costs:	323	348	7.7%
Ex EDP Renováveis	312	320	2.4%
EDP Renováveis	11	28	1.5x
Supplies & Services	155	171	10%
Personnel Costs & Social Benefits	168	178	5.6%
Number of Employees	13,256	13,018	-2%
Non controllable operating costs	113	101	-11%
Concession Fees Distribution Portugal	55	59	7.5%
Other Operating Costs	59	42	-27.7%
Total Operating Costs	437	450	2.9%

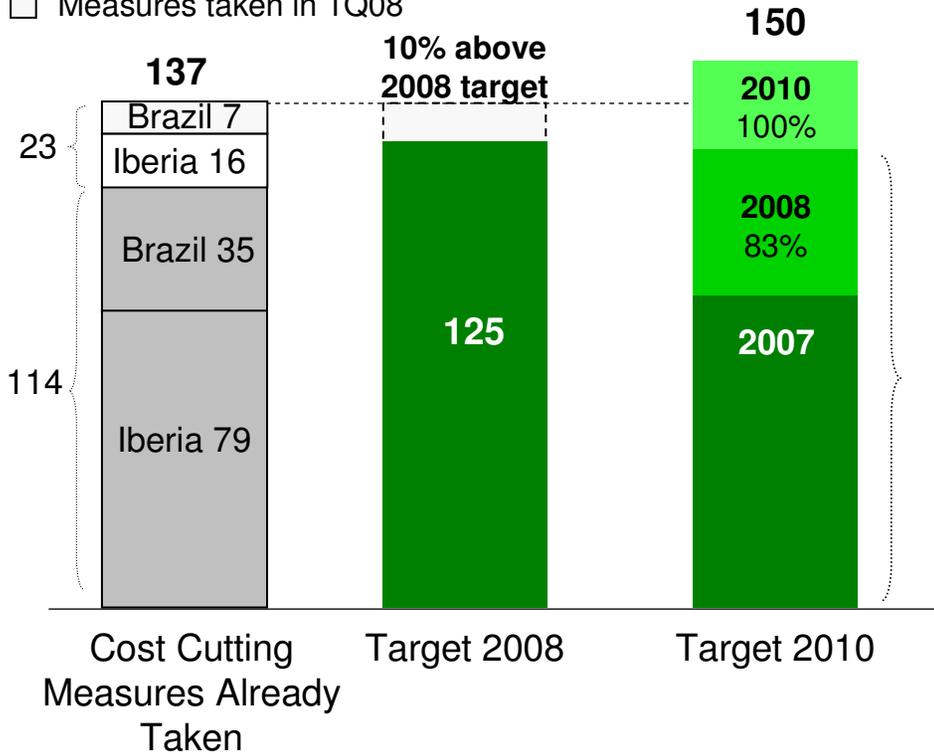
- **Growth of controllable operating costs ex-EDP Renováveis: +2.4% YoY;** increase in generation capacity in Iberia.
- **Growth of controllable operating costs in EDPR: +1.5x;** 1.5x increase of installed capacity + capacity under development.
- Number of employees ex EDPR: -5% YoY;
- **Other operating costs include:** in 1Q07: €21m of one-off regulatory costs in Brazil; in 1Q08: €14m costs in Spain due to RDL11/07 (CO2 claw-back)

Efficiency Improvement: cost savings target for 2010 to be anticipated for 2008



OPEX savings € million

- Measures taken in 2006 and 2007
- Measures taken in 1Q08



Personnel costs:

€56.8m cost savings already achieved by net headcount reduction in 2005-1Q08:
451 employees in Brazil / 575 employees in Iberia

Target EDP 2010 Business Plan: 2005-2010
Net headcount reduction of over 1,100 across Iberia

Supplies & services:

€80.2m cost savings achieved by:

- IT services restructuring measures
- Integrated insurance management
- Promotion of intra-group services
- Operational cost reduction in Generation
- Reduction of outsourcing unit cost in distribution

91% of operating cost cutting target for 2010 already achieved until Mar-08

Consolidated Capex



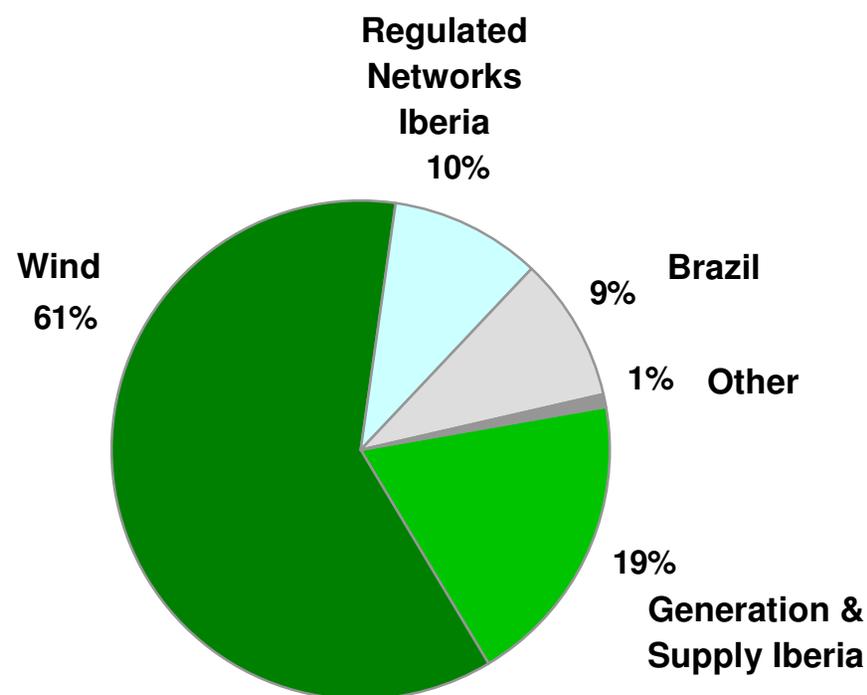
85% of capex allocated to regulated activities and long term contracted generation

EDP Capex: 1Q07 vs. 1Q08

(€ million)

	1Q07	1Q08	% Chg.
Expansion	106	466	339%
Maintenance	104	141	36%
Total EDP	210	607	189%
Generation & Supply Iberia	29	116	295%
Wind	92	370	303%
Regulated Networks Iberia	56	59	5%
Brazil	32	57	80%
Other	1	5	-

Capex Breakdown



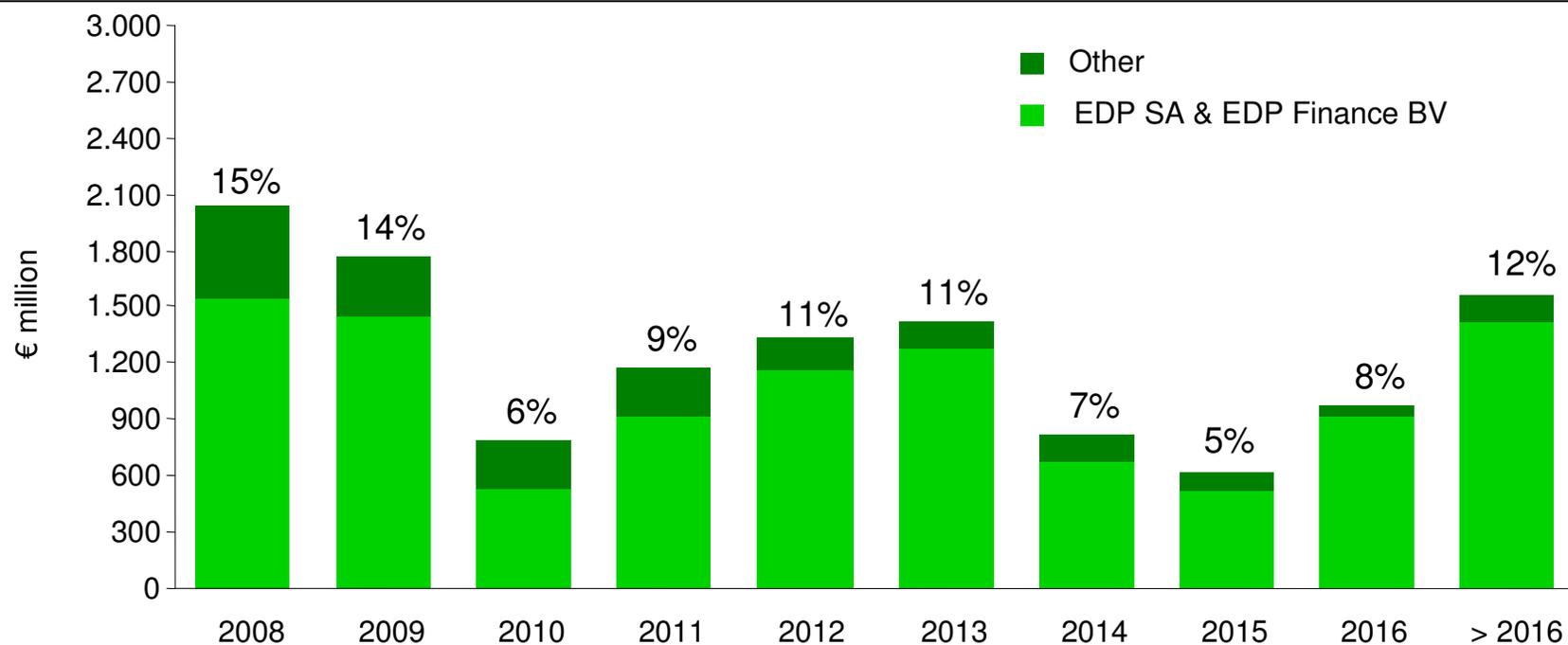
77% of EDP group's capex allocated to expansion of installed capacity

Consolidated Net debt Maturity Mar-08



Oct-07: US\$2bn fixed rate bond issue (US\$1bn 5-Year term + US\$1bn 10-Year term)
Apr-08: €925m revolving credit facility (5-Year term)

EDP consolidated debt maturity profile



Significant level of Available committed liquidity facilities at Mar-08: €1.9bn

Financial Results



(€ million)

	1Q07	1Q08	% Chg.
Net financial interest	(106)	(169)	59%
Net foreign exchange differences	5	2	-58%
Other financials	15	(18)	-217%
Financial Results (€m)	(86)	(184)	114%
Net Debt (€bn)	11.7*	11.8	+1%
Avg Cost of Debt (%)	5.1%	5.7%	
Net Debt/EBITDA	4.4x*	3.7x	

- 28% increase in average net debt 1Q08 vs. 1Q07: Driven by funding of expansion capex;
- Average cost of debt increase: +60bps, in line with credit markets;
- Hedging results in energy markets accounted at “other financials” level: +€17m in 1Q07 and -€2m in 1Q08;
- Provision for potential loss in Sonaecom investment: €34m;
- Net debt/EBITDA: Slight decline in Mar-08 vs. Dec-07

Increase of financial costs due to increase of net debt and higher cost of debt

* Net debt and net debt/EBITDA referent to 2007 year end; 1Q08 net debt/EBITDA based on annualized 1Q08 EBITDA

Net Profit



(€ million)	1Q07	1Q08	% Chg.
EBIT (€m)	461	542	17%
Financial Results	(86)	(184)	114%
Capital Gains	0	27	-
Results from Associated Companies	7	10	41%
Income Taxes	106	93	-13%
Minority Interests	35	38	10%
Net Profit (€m)	241	263	9%

- 1Q08 capital gains of €27m: €4.8m from disposal of 40% in Edinfor; €17m from disposal to EDP pension fund of 1.5% stake in REN; balanced by Sonaecom provision of €34m in financial results;
- Increase of minority interests driven by better results in Energias do Brasil

Net profit: €263m, an 9% increase YoY driven by organic growth



Generation & Supply: High level of hedging should support stability of margin per MWh

Wind power: 1,217 MW capacity already built in 1Q08 or currently under construction

Capex focused in wind, CCGTs Iberia, hydro Portugal (concession extension + new plants)

EDP Renováveis IPO process: Target listing date in 2Q08

Continue to deliver profitable growth based on a sound capital structure

Maintain a Low Risk + High Growth Investment Profile



edp

feel our energy